

ADMINISTRATION AND FINANCE COMMITTEE

DATE: September 13, 2005

CALLED TO ORDER: 5:10 p.m.

ADJOURNED: 6:32 p.m.

ATTENDANCE

Attending Members

Joanne Sanders, Chair
Vernon Brown
Lance Langsford
Lynn McWhirter
Mary Moriarty Adams
Jackie Nytes

Absent Members

Lincoln Plowman

AGENDA

BUDGET REVIEW AND ANALYSIS

PROPOSAL NO. 413, 2005 -adopts the annual budget for the Revenue Bonds Debt Service Funds for 2006

“Do Pass”

Vote: 6-0

PROPOSAL NO. 415, 2005 -adopts the annual budget for Indianapolis and Marion County for 2006 (Administration and Finance portion only)

“Do Pass as Amended”

Vote: 4-2

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, September 13, 2005. Chair Joanne Sanders called the meeting to order at 5:10 p.m. with the following members present: Vernon Brown, Lance Langsford, Lynn McWhirter, Mary Moriarty Adams, and Jackie Nytes. Absent was Lincoln Plowman.

BUDGET REVIEW AND ANALYSIS

PROPOSAL NO. 413, 2005 -adopts the annual budget for the Revenue Bonds Debt Service Funds for 2006

Bob Clifford, City Controller, said there are no amendments to this proposal and would ask the committee to move forward with the proposal as drafted.

Councillor McWhirter asked for a review of Proposal No. 413, 2005. Mr. Clifford said this proposal will appropriate the money used to pay debt services other than property taxes. He said some of the debt services include the Harding Tax Increment Financing (T.I.F.), 82nd Street and 96th Street TIF, and the Airport Industrial Park. Councillor McWhirter asked if this proposal is technically property taxes collected in TIFs and then appropriated to pay off the debt of those TIFs. Mr. Clifford said this proposal will also include some revenue bonds, flood control fees, sanitation fees, etc.

Councillor Moriarty Adams moved, seconded by Councillor Nytes, to send Proposal No. 413, 2005 to the full Council with a “Do Pass” recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 415, 2005 -adopts the annual budget for Indianapolis and Marion County for 2006 (Administration and Finance portion only)

Councillor Moriarty Adams moved, seconded by Councillor Nytes, to “Amend” Proposal No. 415, 2005 (Administration and Finance portion only) per Exhibit A (on file in the Council office). The motion carried by a vote of 6-0.

Jeff Seidenstein, Budget Manger for the Controller’s Office, gave a summary of budget changes that are being proposed by the Controller’s Office (Exhibit B, attached). He said theses changes reflect both the City and County agencies.

Kim Diller, CFO for Office of Corporation Counsel, clarified the budget changes for the County and Township Assessors. She said at the time of developing the budget they were using the tax levy amount from 2004, which was \$1.8 million. The actual tax levy amount of 2005 is \$1.5 million; therefore, they have to move the difference in the levy amount from the Reassessment Fund to the General Fund. Mr. Seidenstein said they are just changing the funding source for their budget; no additional cuts are being made. Ms. Diller went on to explain transfers in the Assessor’s budget characters. She said when the budget was prepared they did not budget for any underspending in the Reassessment Fund in 2005.

She said the Assessor's Office did identify a significant amount of underspending in the Reassessment Fund and asked that the cuts made in the Reassessment Fund be restored in 2006. She said the Controller's Office advertised a certain amount in the Reassessment Fund; therefore, they cannot go above the advertised amount. She said in January of 2006 they will need to appropriate funds into the Assessor's Characters 02 through 04. She said this is only in their Reassessment Fund; the General Fund is not being affected.

Mr. Seidenstein said Information Services Agency (ISA) is making a reduction of \$204,585 and indicated that they will charge-back what their actual expenses are; therefore, there should be some reductions in chargebacks in agencies' budgets next year.

Councillor Nytes asked for clarification on the \$476,000 increase in ISA's original proposed budget. Mr. Clifford said the only increases in their budget are for licensing and renewal expenditures. Mr. Seidenstein said there increases will be reduced to \$270,000.

Ms. Diller said they intended to try to fund the entire Surveyor's budget through the Surveyor's Perpetuation Fund, but after legal advice they decided that would not be the best route. She said the Surveyor's budget will be funded with the same amount from the Perpetuation Fund as it was in 2005.

Chair Sanders asked for clarification on the wage control that is being implemented. Mr. Seidenstein said the City has a wage control report that shows all the positions for each agency, how much money is budgeted, and how much a person earns. He said they use this report during budget to compare their staffing to make sure there is enough money in the appropriations to cover all of the staff. He said the County does not have a system such as the wage control report, and the Controller's Office found that some agencies had more money than was needed.

Councillor Nytes asked if the \$210,930,014 figure for the advertised County General assumes maximum levy. Mr. Clifford said it is close to the maximum levy and they are allowed to increase the levy by 3.9%. He said part of the increase is from shifting of tax rates. Mr. Seidenstein said the County's and various Township Assessors' reassessment budget is increasing by \$300,000 to accommodate the shift in the levy.

Mr. Seidenstein explained in detail Exhibit A. He said a clause has been added to the Auditor's Character 03 appropriations stating that the amounts are restricted to designated purposes. He said there is an amendment to the County Option Income Tax (COIT) due to a certification from the Department of Revenue indicating an additional nine million dollars in COIT than anticipated.

Councillor Nytes asked if the additional COIT revenue is the new level for the County. Mr. Clifford said they are not sure how much of this increase comes from one time events and whether or not it will be sustainable.

Chair Sanders said with this infusion in the County side of the budget it has almost evened the scales of distribution of funds between City and County.

Mr. Seidenstein indicated that in the amended proposal (Exhibit A) they have removed \$8,250,000 for tax anticipation loan proceeds (COIT).

Councillor Nytes asked if the Water Company is the only Payment in Lieu of Taxes (PILOT) they are working on in the 2006 budget. Mr. Seidenstein said it is the only PILOT on the County side. He said this is not a change to the budget.

Mr. Seidenstein said that the Consolidated County Fund balance is increasing to \$16,551,578 as a result of the budget reductions made to the City's budget. He also stated that the amount of additional appropriations has been reduced from \$1.5 million to \$981,000.

Councillor McWhirter asked if the tax rates in the County General Fund are remaining the same. Mr. Seidenstein replied in the negative and said the total tax rate for the County is remaining the same. Councillor McWhirter asked how much additional money is being raised by leaving the tax rate level. Mr. Seidenstein said the Assessed Valuation (AV) at this time is an estimate; they have not received the certified AVs. Mr. Clifford said the levy will remain the same, but if the AV increases it will decrease the rate. He said if the AV is lower than projected, in return, the levy will be lower and there will be no additional rate.

Councillor Nytes asked if the AV is lower than projected if the Council will vote to reduce the budget or if it will be accommodated by reductions in operating balance. Mr. Seidenstein said the Council may have to reduce the budget or it may be able to be absorbed in the fund balance, depending on how drastic the cuts. He said if all amendments are approved, then the fund balance at the end of 2006 for the County General will be \$565,000. Councillor Nytes asked if the amount of necessary expenditures reflects underspending. Mr. Clifford replied the affirmative.

Councillor McWhirter asked who will be recommending the salaries for appointed agency heads. Mr. Clifford said the Salary Compensation Board will still exist.

Councillor Nytes asked if some departments have increased their staffing level due to reorganization. Mr. Seidenstein said the increases will be primarily in public safety for added attorneys in the Prosecutor's, Public Defender's, and Sheriff's Offices.

Chair Sanders stated that the Auditor is concerned that her Character 01 budget may not have sufficient funds. She said she assured the Auditor that the committee will review her budget after the first six months of 2006 to determine if further recommendations may be needed.

Councillor Moriarty Adams moved, seconded by Councillor Nytes, to send Proposal No. 415, 2005 (Administration and Finance portion only) to the full Council with a “Do Pass as Amended” recommendation. The motion carried by a vote of 4-2. Councillors Langsford and McWhirter cast the negative votes.

Councillor McWhirter explained hers and Councillor Langsford’s votes and said they do not have any particular issue with the proposal at this time, but did not feel comfortable in voting on a large proposal with several changes without sufficient amount of time to review.

CONCLUSION

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 6:32 p.m.

Respectfully submitted,

Joanne Sanders, Chair
Administration and Finance Committee

JS/as

